

## TRANSMITTAL #1

### MEMORANDUM

August 26, 2010

TO: Executive Committee, Workforce Development Council

FROM: Roger B. Madsen, Director

*Roger B. Madsen*

SUBJECT: Governor's Employment Service (ES) 10% Budget

ACTION REQUESTED: Approve ES 10% spending strategy for "Business Solutions Initiative"

#### BACKGROUND:

Employment Services (ES) for job seeker and employer customers are provided by the Idaho Department of Labor and are federally funded under the Wagner-Peyser Act of 1933, as amended. Ten percent of the state's Employment Service allotment is set aside for the governor to provide: 1) Performance incentives for public employment service offices and program, 2) Services for groups with special needs, and 3) The extra costs of exemplary models of employment services funded under the remaining 90 percent allocation. The department retains responsibility for all Wagner-Peyser funds. This year Idaho received over \$6.37 million in federal Employment Service funding. In addition, the department supplements Employment Service funds by approximately \$2.5 to \$3 million a year with state Administrative Tax funds.

The department has been steadily working for many years to enhance our ability to serve Idaho businesses. Over the past two years we have advanced this strategic redirection effort through a "Business Solutions Initiative". This endeavor includes training department management staff and selected workforce consultants to visit businesses within targeted industry sectors to engage with employers to better understand their workforce needs and help provide solutions.

The targeted industry sectors have been identified by various key regional, economic development, industry, and community leaders. These industries are viewed as the economic engines within the region – driving economic growth and providing individuals with strong wages and a career path. The department is in the process of hiring four Regional Business Specialists who will be team leaders for selected workforce consultants within the 25 local offices who have been assigned the task of implementing this expanded business outreach effort.

#### BENEFITS OF BUSINESS SOLUTIONS INITIATIVE:

1. Sector initiatives are considered highly responsive to industry demand when compared to traditional job-matching and training services because they:
  - a. Are problem-oriented, not program-oriented;
  - b. Address needs interdependently, not independently;
  - c. Work with employers in a target industry collectively, not as individual firms; and

- d. Develop customized, accurate solutions to the needs of employers in the target industry.
2. Sector initiatives better serve both employer and workers by meeting the skill, recruitment, and retention needs of employers and the training, employment, and career advancement needs of workers. Sector initiatives:
  - a. Address the needs of employers by focusing intensively on the workforce needs of a specific industry sector over a sustained period, often concentrating on a specific occupation or set of critical occupations within that industry
  - b. Address the needs of workers by creating formal career paths to good jobs, reducing barriers to employment, and sustaining or increasing middle-class jobs;
  - c. Bolster regional economic competitiveness by engaging economic development experts in workforce issues and aligning education, and workforce development planning;
  - d. Engage a broader array of key stakeholders through partnerships organized by workforce intermediaries; and
  - e. Promote systemic change that achieves ongoing benefits for the industry, workers and community.
3. This approach aligns department efforts in support of the Governor's "Project 60" initiative to strengthen Idaho's economy.

#### **PROPOSED ES 10% SPENDING STRATEGIES:**

The department recommends dedicating Employment Service 10% funds (approximately \$637,000) to pay for the following priorities:

- Four regional business service specialist positions.
- Enhanced business services activities that deal with proactive business activities with a sector strategy approach such as: One-on-one meetings with employers within a targeted sector to listen and learn their workforce needs, leading office team discussion and strategy regarding how best to respond to identified needs of employers within a targeted sector, coordinating workforce needs of targeted industries with education, economic development and workforce partners.
- Staff training on business outreach techniques, sales and marketing of services, and how to more effectively work with industry sectors prioritized by the regional planning process.

#### **STAFF RECOMMENDATION:**

The Governor's 10 percent and formula funds have been distributed to the state's six regional planning areas using varying formulas. In the past, funds were used for incentive awards and more recently were targeted to services to special populations including additional services to youth, offenders, mono-lingual Spanish and under skilled, under prepared populations. Services were also utilized for career fairs, youth job fairs and other special activities for a range of customer groups. With a changing economic climate, we are requesting the Council reconsider its current funding strategy of allocating the Governor's 10% funds on a formula basis to the regional areas and target the funds in support of the department's Business Solutions Initiative.

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